

Portland Haulers Association

MEMORANDUM

TO: Mayor Wheeler, Commissioner Eudaly, Commissioner Fish,
Commissioner Fritz, and Commissioner Hardesty
FROM: Vallerie Hill, President, Portland Haulers' Association
DATE: July 1, 2019
RE: Clean Energy Surcharge & Residential Solid Waste Rates

Portland Haulers Association (PHA) members provide the residential solid waste and recycling collection services in Portland. We are writing in regard to the clean energy surcharge (resulting from the voters' passage of Portland's Clean Energy Initiative - Measure 26-201) and its application to residential garbage and recycling services. PHA is supportive of the clean energy aspirations of the measure and aims to continue advancing a collaborative partnership with the city as we have for many years through our solid waste services for residential customers.

Over the last several months, PHA has actively communicated with the city about complications arising from the application of the clean energy surcharge to residential garbage and recycling services and the impact to these customers. Under the current draft administrative rules for the clean energy surcharge, solid waste management is categorized as a "retail" service. As a result, recently adopted rates for residential recycling and solid waste include a fee for every residential customer. Please reference our attached memo to the Tax Division from March 2019 and PHA's testimony on residential solid waste rates in May 2019 for additional background.

The purpose of this letter is to ensure the Mayor and all members of the Council have the same information about this particular industry sector and related questions that the haulers are working to address with the city. PHA remains an available resource and partner in this process and we stand ready to engage with you and other partners should this issue emerge within the context of potential amendments or adoption of final administrative rules related to the clean energy surcharge.

In an attempt to distill a complex issue, here is a high level overview of the current situation followed by a series of outstanding questions PHA members are facing as the new rates go into effect for residential customers:

- Only three of the 11 residential franchisees meet the measure's criteria to be subject to the surcharge
- Under the current rates adopted by the city council, all residential customers' solid waste and recycling bills are increasing an average of about 20 cents per month per customer due to the clean energy surcharge.
- Per the city's direction and adoption of the new rates, all haulers are now collecting the new increased rates.
- Communications to customers through the city's "Curbsider" publication implies to customers that the additional charge monthly will contribute to the Clean Energy Fund.

- For the haulers subject to the clean energy surcharge, estimates indicate the 20 cent rate increase will not cover all that they will owe to the clean energy fund related to residential solid waste services.
- For the other haulers, it is unclear what they are to do with the additional 20 cent per customer per month revenue collected from their customers.

The members of PHA are committed to transparency for their customers and providing the highest quality service on behalf of the residents of Portland. PHA also remains committed to a strong partnership with the city and wants to help be part of the solution for this dilemma.

As we assess the current situation with those guiding principles, several outstanding questions remain, including:

- Has it been concluded that residential solid waste service is a retail service in the definition as voters intended?
- If that question has been resolved affirmatively, then what does the city expect or direct the eight residential franchisees not subject to clean energy surcharge do with the added 20 cents per month collected as part of the new rates?
- If that question has not been resolved, what is the process and timeline for that resolution?
- With the new increased rates effective July 1, 2019 including this additional charge for all residential customers, what is the direction to the haulers at this time?
- How does the city plan to address the imbalance, related to the clean energy surcharge and rates, among all 11 haulers?

Again, PHA applauds the clean energy goals of the related fund and looks forward to working in partnership with the city to advance our common goals for solid waste management and economic development opportunities for a growing workforce. PHA members plan to continue implementation of the new rates per the direction of the city under the current draft rules and guidelines. However, we also hope that as the city evaluates voter intent and application of the measure that in particular the residential solid waste management be considered for modification and exemption from the surcharge.

Exemption would eliminate inequities, discrepancies and confusion for the haulers. More importantly, it would create clarity for customers by establishing rates that reflect the cost of the service customers are receiving from curbside waste removal and recycling. The current rates reflect a surcharge for all customers that only some haulers could be subject to pay.

Thank you for your time and PHA remains available to engage you or any other partners at your direction to further discuss these issues.